

Securities Code: 8584

June 6, 2018

To our shareholders:

Yasuyoshi Itagaki, President  
**JACCS CO., LTD.**  
2-5 Wakamatsu-cho, Hakodate, Hokkaido  
(Principal Executive Office: 1-18 Ebisu 4-chome,  
Shibuya-ku, Tokyo)

## Notice of the 87th Annual General Meeting of Shareholders

You are cordially invited to attend the 87th Annual General Meeting of Shareholders of JACCS CO., LTD. (the “Company”), which will be held as stated below.

If you are unable to attend the meeting, you can exercise your voting rights using one of the methods below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.

### [Voting in writing]

Indicate your vote of approval or disapproval on the enclosed voting form, and send it to arrive no later than 6:00 p.m. on Wednesday, June 27, 2018 (JST).

### [Voting via the internet]

Enter your vote of approval or disapproval on the voting site designated by the Company (<https://evote.tr.mufg.jp/>) no later than 6:00 p.m. on Wednesday, June 27, 2018 (JST).

**1. Date and Time:** Thursday, June 28, 2018 at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)

**2. Venue:** “Camellia I,” 3rd floor, Four Points By Sheraton Hakodate  
14-10 Wakamatsu-cho, Hakodate, Hokkaido

### 3. Purpose of the Meeting

#### Matters to be reported:

1. Business Report, Consolidated Financial Statements and Reports of Audit on Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board for the 87th fiscal year (April 1, 2017 to March 31, 2018)
2. Non-consolidated Financial Statements for the 87th fiscal year (April 1, 2017 to March 31, 2018)

#### Matters to be resolved:

- |                       |  |
|-----------------------|--|
| <b>Proposal No. 1</b> | Appropriation of Surplus   |
| <b>Proposal No. 2</b> | Partial Amendments to the Articles of Incorporation  |
| <b>Proposal No. 3</b> | Election of 12 Directors   |
| <b>Proposal No. 4</b> | Revision of Remuneration Amount for Directors  |
| <b>Proposal No. 5</b> | Introduction of Restricted Share-Based Remuneration Plan and Performance Share Unit (Performance-Linked Share-Based Remuneration Plan) for Directors |

### 4. Information Regarding the Exercise of Voting Rights

- (1) If you exercise your voting rights both in writing and via the internet, then only the vote cast via the internet shall be deemed valid.
- (2) If you exercise your voting rights via the internet multiple times, then only the last vote cast shall be deemed valid.

- When attending the meeting in person, please submit the enclosed voting form to reception.
- Please be aware that persons who are not shareholders such as proxies and accompanying persons may not attend the General Meeting of Shareholders.

- The meeting will be conducted in light attire (cooler business attire with no neckties), and shareholders are requested to wear light attire as well.
- Any updates to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements will be posted on the Company's website.
- The following matters among documents to be provided with this Notice of the General Meeting of Shareholders are posted on the Company's website on the internet, pursuant to the relevant laws and regulations and the provision of Article 16 of the Company's Articles of Incorporation, and are not included to this notice. Therefore, the documents provided with this notice constitute a part of the documents audited by the Audit & Supervisory Board Members and the Financial Auditor when preparing audit reports.
  1. Systems to ensure that Directors perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation, and other systems to ensure properness of operations of the Company
  2. Notes to Consolidated Financial Statements
  3. Notes to Non-consolidated Financial Statements

The Company website: (<http://www.jaccs.co.jp/corporate/ir/stock/meeting/index.html>)

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1      Appropriation of Surplus

The Company positions returning profits to shareholders as one of its most important management issues, and its basic policy is to provide dividends based on comprehensive consideration of continued stable dividends and business performance.

The Company has given consideration to the business performance of the current fiscal year, its financial condition and future business expansion, and it proposes to pay a year-end dividend of ¥40 per share for the current fiscal year.

#### Year-end dividends

- Type of dividend property  
Cash
- Allotment of dividend property to shareholders and their aggregate amount  
¥40 per common share of the Company  
Total dividends: ¥1,384,996,520
- Effective date of dividends of surplus  
June 29, 2018

Note: The Company conducted a five-to-one consolidation of common shares with an effective date of October 1, 2017. The above year-end dividends, when calculated on the basis prior to the share consolidation, will be ¥8 per share. Accordingly, including the interim dividend of ¥8 per share, the annual dividend will correspond to ¥16 per share, which is ¥1 higher than for the previous fiscal year.

**Proposal No. 2**      Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

In order to respond flexibly to changes in business environment and to further strengthen the management structure, the Company proposes to change the number of Directors as prescribed in Article 19, paragraph 1 of the current Articles of Incorporation, from 12 to 13.

2. Details of the amendments to the Articles of Incorporation

Details of the amendments are as follows:

(The underlined sections indicate amendments.)

Current Articles of Incorporation	Proposed amendment
(Number of Directors and Method of Election) Article 19. 1. The Company shall have not more than <u>twelve</u> Directors. Directors shall be elected at a general meeting of shareholders. 2. to 3. (Omitted)	(Number of Directors and Method of Election) Article 19. 1. The Company shall have not more than <u>thirteen</u> Directors. Directors shall be elected at a general meeting of shareholders. 2. to 3. (Unchanged)

**Proposal No. 3** Election of 12 Directors

The terms of office of all 11 Directors will expire at the conclusion of this meeting. In that regard, the Company proposes the election of 12 Directors.

The candidates for Director are as follows:

Candidate No.	Name	Position and responsibilities in the Company	
1	Yasuyoshi Itagaki	President (Representative Director, CEO and COO)	Reelection
2	Toru Yamazaki	Director and Managing Executive Officer (Supervisor of Corporate Planning)	Reelection
3	Hidechika Kobayashi	Director and Senior Managing Executive Officer (Representative Director) (Manager of Business Strategy Department)	Reelection
4	Minekazu Sugano	Director and Senior Managing Executive Officer (CFO) (Supervisor of Accounting and Finance and Information Systems)	Reelection
5	Noboru Kawakami	Director and Managing Executive Officer (Supervisor of Credit Management)	Reelection
6	Kojun Sato	Director and Managing Executive Officer (Supervisor of International Business and Group Strategic Business)	Reelection
7	Takashi Saitou	Director and Managing Executive Officer (Supervisor of Compliance, General Affairs and Personnel)	Reelection
8	Shigeki Ogata	Director and Senior Executive Officer (Supervisor of Credit Screening and Operation)	Reelection
9	Hitoshi Chino	Managing Executive Officer (Deputy General Manager of Business Strategy Department)	New election
10	Kuniaki Hara	Director	Reelection Outside Independent
11	Michiko Kuboyama	Director	Reelection Outside Independent
12	Masahito Suzuki	—	New election Outside Independent

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Yasuyoshi Itagaki (Feb. 25, 1955)  Reelection	June 1979	Joined the Company	11,400 shares
		June 2005	Executive Officer and General Manager of Kyushu Area	
		June 2008	Senior Executive Officer and Supervisor of Credit Card Business	
		Oct. 2008	Senior Executive Officer and Supervisor of Sales Planning of Business Strategy Department	
		June 2010	Director and Senior Executive Officer (Supervisor of General Affairs and Personnel)	
		June 2011	Director and Senior Executive Officer (Supervisor of Corporate Planning)	
		June 2012	President (Representative Director, CEO and COO) (to present)	
[Reasons for nomination as candidate for Director] Mr. Itagaki was appointed as President of the Company in 2012, and has been leading the management of the whole JACCS Group for many years, tackling various management issues in order to increase corporate value. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for the Company's management, based on his wealth of experience, achievements and knowledge.				
2	Toru Yamazaki (June 17, 1959)  Reelection	Apr. 1982	Joined the Company	1,700 shares
		Oct. 2009	Executive Officer and General Manager of First Sales Promotion Department of Business Strategy Department	
		Oct. 2011	Executive Officer and General Manager of Shopping Credit Promotion Department of Business Strategy Department	
		June 2012	Executive Officer and General Manager of Chubu Area	
		June 2013	Senior Executive Officer and General Manager of Kinki Area	
		June 2015	Senior Executive Officer and General Manager of Shutoken Area	
		June 2016	Director and Senior Executive Officer (Supervisor of Corporate Planning)	
		June 2017	Director and Managing Executive Officer (Supervisor of Corporate Planning) (to present)	
[Reasons for nomination as candidate for Director] Mr. Yamazaki was appointed as Director of the Company in 2016 and has been exhibiting strong leadership based on his wealth of experience, supervising corporate planning division and taking a leading role in formulating the JACCS Group's medium-term business plan. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for the Company's management.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
3	Hidechika Kobayashi (Jan. 12, 1956)  Reelection	Apr. 1978	Joined the Company	4,800 shares
		Sept. 2000	General Manager of West Japan Sales Promotion Department	
		Oct. 2003	General Manager of Sales Promotion Department	
		June 2006	Senior Executive Officer and General Manager of Shopping Credit Promotion Department	
		June 2011	Managing Executive Officer and General Manager of Shutoken Area	
		June 2013	Director and Managing Executive Officer (Manager of Business Strategy Department and Supervisor of Credit & Credit Card Business)	
		June 2014	Director and Senior Managing Executive Officer (Manager of Business Strategy Department and Supervisor of Credit & Credit Card Business)	
		June 2015	Director and Senior Managing Executive Officer (Manager of Business Strategy Department and Supervisor of Credit & Credit Card Business and Financing Business)	
		June 2016	Director and Senior Managing Executive Officer (Manager of Business Strategy Department)	
		June 2017	Director and Senior Managing Executive Officer (Representative Director and Manager of Business Strategy Department) (to present)	
[Reasons for nomination as candidate for Director] Mr. Kobayashi was appointed as Director of the Company in 2013 and has wealth of experience and broad knowledge, including his experience as the administrative head of the Company's sales division for many years. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for impelling the Group's management strategy.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
4	Minekazu Sugano (Aug. 5, 1956)  Reelection	Apr. 1979	Joined the Company	9,400 shares
		Oct. 2005	General Manager of Accounting Department	
		Apr. 2007	General Manager of Revenue Management Department	
		June 2011	Director and Senior Executive Officer (Supervisor of Revenue Management and General Manager of Revenue Management Department)	
		Oct. 2011	Director and Senior Executive Officer (Supervisor of Accounting and Finance and General Manager of Finance Department)	
		June 2013	Director and Senior Executive Officer (Supervisor of Information Systems)	
		June 2014	Director and Managing Executive Officer (Supervisor of Information Systems)	
		June 2016	Director and Managing Executive Officer (Supervisor of Accounting and Finance and Information Systems)	
		June 2017	Director and Senior Managing Executive Officer (Supervisor of Accounting and Finance and Information Systems) (CFO) (to present)	
[Reasons for nomination as candidate for Director] Mr. Sugano was appointed as Director of the Company in 2011, has been the administrative head of accounting and finance divisions and information system division, and has contributed to the Company's financing as well as proactive investment on information technology for the growth of the Company. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for the Company's management.				
5	Noboru Kawakami (Feb. 28, 1957)  Reelection	Oct. 1981	Joined the Company	6,300 shares
		July 2005	General Manager of Corporate Planning Department	
		June 2008	Executive Officer and General Manager of Corporate Planning Department	
		June 2009	Director and Senior Executive Officer (Supervisor of Corporate Planning and General Manager of Corporate Planning Department)	
		June 2010	Senior Executive Officer and General Manager of Chubu Area	
		June 2012	Senior Executive Officer and Supervisor of Financing Business of Business Strategy Department	
		June 2013	Director and Managing Executive Officer (Supervisor of General Affairs and Personnel)	
		June 2014	Director and Managing Executive Officer (Supervisor of General Affairs and Personnel, and Compliance)	
		June 2016	Director and Managing Executive Officer (Supervisor of Compliance, General Affairs and Personnel, and Credit Management)	
		June 2017	Director and Managing Executive Officer (Supervisor of Credit Management) (to present)	
[Reasons for nomination as candidate for Director] Mr. Kawakami was appointed as Director of the Company in 2009, has wealth of experience and broad knowledge in corporate divisions, and has been performing his role appropriately as the administrative head of credit management division. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for the Company's management.				



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
6	Kojun Sato (May 6, 1957)  Reelection	Apr. 1980	Joined the Company	5,300 shares
		Oct. 2007	General Manager of Auto Loans Promotion Department	
		Oct. 2010	Executive Officer and General Manager of Hokkaido Area	
		June 2012	Director and Senior Executive Officer (Supervisor of Corporate Planning)	
		June 2015	Director and Managing Executive Officer (Supervisor of Corporate Planning)	
		June 2016	Director and Managing Executive Officer (Supervisor of International Business and Group Strategic Business) (to present)	
[Reasons for nomination as candidate for Director] Mr. Sato was appointed as Director of the Company in 2012, has been responsible for international business and group strategy business divisions, and has worked on increasing the profit of overseas business and the creation of new demand overseas. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for the Company's management.				
7	Takashi Saitou (Feb. 13, 1960)  Reelection	Apr. 1983	Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)	800 shares
		June 2010	Executive Officer in charge of East Japan Area Branches of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)	
		May 2011	Executive Officer and Manager of Corporate Administration Division	
		June 2012	Director and President of Chitose Kosan Co., Ltd.	
		June 2016	Adviser of the Company	
		June 2016	Senior Executive Officer and General Manager of Audit Office	
		June 2017	Director and Managing Executive Officer (Supervisor of Compliance, General Affairs and Personnel) (to present)	
[Reasons for nomination as candidate for Director] Mr. Saitou was appointed as Director of the Company in 2017, has been responsible for the compliance, and general affairs and personnel divisions, and has promoted the strengthening of governance and the enhancement of working method reform. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for increasing the Group's corporate value.				
8	Shigeki Ogata (Feb. 4, 1960)  Reelection	Oct. 1985	Joined the Company	6,400 shares
		June 2010	Executive Officer and General Manager of Corporate Planning Department	
		June 2013	Director and Senior Executive Officer (Supervisor of Accounting and Finance and General Manager of Finance Department)	
		Apr. 2015	Director and Senior Executive Officer (Supervisor of Accounting and Finance)	
		June 2016	Director and Senior Executive Officer (Supervisor of Credit Screening and Operation) (to present)	
[Reasons for nomination as candidate for Director] Mr. Ogata was appointed as Director of the Company in 2013, has been responsible for the credit screening and operation division, has contributed to the construction of a next generation credit screening system, and in addition, has been involved in the streamlining of business. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for the Company's management.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
9	Hitoshi Chino (Mar. 26, 1958)  New election	Apr. 1981	Joined the Company	4,700 shares
		June 2006	Executive Officer and General Manager of Credit Card Promotion Department of Business Strategy Department	
		Oct. 2008	Executive Officer and General Manager of Hokkaido Area	
		Oct. 2010	Executive Officer and General Manager of Kita-Kanto Area	
		June 2012	Senior Executive Officer and Supervisor of Credit Screening and Operation	
		June 2016	Managing Executive Officer and Deputy General Manager of Business Strategy Department (to present)	
[Reasons for nomination as candidate for Director] Mr. Chino has contributed to the expansion of revenue in existing domestic business as the administrative head of the Company's sales division. He has been nominated as new candidate for Director because the Company deems that his exceptional performance, abilities, and knowledge provide him with the managerial skills required in order to continue the expansion of the Group's sales foundation.				
10	Kuniaki Hara (Jan. 8, 1947)  Reelection Outside Independent	Apr. 1971	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)	- shares
		Sept. 1978	Passed the third stage examination of Certified Public Accountant Examination and registered as Certified Public Accountant	
		June 1997	General Manager of Corporate Planning Division of Tokyo Office of Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)	
		June 2001	General Manager of Management and Finance Division (CFO)	
		June 2007	General Manager of Reputation & Risk Division (CRO) Global Board Member of Deloitte Touche Tohmatsu Ltd.	
		July 2012	Established Kuniaki Hara Accounting Office (to present)	
		June 2014	Outside Corporate Auditor of Ryohin Keikaku Co., Ltd.	
		June 2014	Director of the Company (to present)	
[Reasons for nomination as candidate for outside Director] Mr. Hara has wealth of experience and broad insight as a CPA in Japan and overseas, and has been utilizing the experience and insight in the management of the Company. He has been nominated as a candidate for Director because the Company deems that he continues to be essential for the Company's management.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
11	Michiko Kuboyama (Apr. 16, 1956)  Reelection Outside Independent	Apr. 1980	Joined Kao Soap Co., Ltd. (currently Kao Corporation)	- shares
		Apr. 2006	Manager of Product Public Relation Department	
		Apr. 2011	Head of Product Public Relation Center	
		Sept. 2011	Visiting Professor of TAMA GRADUATE SCHOOL OF BUSINESS (to present)	
		May 2016	Communication Fellow at Lifestyle Research Center of Kao Corporation (to present)	
		June 2017	Director of the Company (to present)	
		(Significant concurrent positions outside the Company) Communication Fellow at Lifestyle Research Center of Kao Corporation		
[Reasons for nomination as candidate for outside Director] Ms. Kuboyama has never in the past been involved in the management of a company. However, she has been contributing to the Company's management from an objective perspective, based on her diverse knowledge gained from her experience at Kao Corporation and as a visiting professor at TAMA GRADUATE SCHOOL OF BUSINESS. She has been nominated as a candidate for Director because the Company deems that she continues to be essential for the Company's management.				
12	Masahito Suzuki (Sep. 9, 1957)  New election Outside Independent	Apr. 1980	Joined Kirin Brewery Company, Limited	- shares
		Mar. 2007	Seconded to Kirin Beverage Company, Limited General Manager of Accounting Department	
		Mar. 2008	Executive Officer and General Manager of Corporate Planning Department	
		Mar. 2009	Director of the Board and General Manager of Corporate Planning Department	
		Mar. 2012	Director of the Board & CFO of Kirin Holdings Company, Limited	
		Mar. 2013	Director of the Board & CFO of Kirin Holdings Company, Limited Director of the Board of Kirin Company, Limited	
		Mar. 2014	Audit & Supervisory Board Member of Kirin Holdings Company, Limited Audit & Supervisory Board Member of Kirin Company, Limited	
[Reasons for nomination as candidate for outside Director] Mr. Suzuki has a wealth of experience in general management through his service in the planning and accounting divisions, as well as audit business, at a major liquor manufacturer. He has been newly nominated as a candidate for Director because the Company deems that he will be able to appropriately perform duties as outside Director based on his deep insight and from an objective perspective.				

- Notes:
1. There is no special interest between any of the candidates for Director and the Company.
  2. Kuniaki Hara, Michiko Kuboyama and Masahito Suzuki are candidates for outside Director.
  3. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Kuniaki Hara and Michiko Kuboyama have been appointed as independent officers as provided for by the aforementioned exchange. If their reelection and the election of Masahito Suzuki are approved and adopted, the Company plans to submit notification that they are appointed as independent officers.
  4. Kuniaki Hara and Michiko Kuboyama are currently outside Directors of the Company, and at the conclusion of this meeting, their tenure as outside Directors will have been four years for Kuniaki Hara and one year for Michiko Kuboyama.
  5. The Company has entered into a limited liability agreement with the current outside Directors. If the reelection of Kuniaki Hara and Michiko Kuboyama is approved and adopted, the Company plans to renew the limited liability agreement of the same content with each of them.
  6. If the election of Masahito Suzuki is approved and adopted, the Company plans to enter into a limited liability agreement with him.
  7. The name of Michiko Kuboyama in the family register is Michiko Iwasaki.

8. Kuniaki Hara has resigned as outside Corporate Auditor of Ryohin Keikaku Co., Ltd., on May 23, 2018.
9. Michiko Kuboyama is expected to assume the office of outside Director of Isetan Mitsukoshi Holdings Ltd. at the Ordinary General Meeting of Shareholders scheduled to be held in late June, 2018.
10. Masahito Suzuki is expected to assume the office of outside Director of WORLD CO., LTD. at the General Meeting of Shareholders scheduled to be held in mid-June, 2018, as well as outside Director of AJIS CO., LTD. at the General Meeting of Shareholders scheduled to be held in late June, 2018.

**Proposal No. 4**      Revision of Remuneration Amount for Directors

Approval was given at the 82nd Annual General Meeting of Shareholders held on June 27, 2013, for a maximum amount of ¥400 million per year of remuneration, etc. to be paid to Directors (including maximum amount of ¥20 million per year for outside Directors), and the amount has been unchanged through to the present day.

This proposal, in consideration of various circumstances, such as subsequent changes in economic circumstances and increases in the number of Directors for enhancement of management system, is for the amendment of the maximum amount of remuneration, etc. to be paid to Directors to ¥600 million per year (including maximum amount of ¥30 million per year for outside Directors). Further, as a result of a review of the current share remuneration-type share option plan, and in order to achieve a remuneration system that grants medium to long term incentives and promotes the further sharing of value with shareholders, the Company will introduce a new share-based remuneration plan (excluding outside Directors).

The amount of the aforementioned remuneration, etc. for Directors shall include this share-based remuneration plan. Regarding the share-based remuneration plan, this will be deliberated in Proposal No. 5 “Introduction of Restricted Share-Based Remuneration Plan and Performance Share Unit (Performance-linked Share-based Remuneration Plan) for Directors.”

Further, such Director remuneration, etc., in the same manner as before, will not include the employee salary part of the salary for Directors who also serve as employees, and the Company proposes that individual remuneration amounts be left to the discretion of the Board of Directors.

The number of Directors is currently 11 (including three outside Directors). Subject to the approval and adoption of Proposal No. 3 as originally proposed, the number of Directors will be 12 (including three outside Directors).

The revision of remuneration amount for Directors in respect of this proposal is subject to the approval and adoption of Proposal No. 5.

**Proposal No. 5** Introduction of Restricted Share-Based Remuneration Plan and Performance Share Unit (Performance-Linked Share-Based Remuneration Plan) for Directors

Current remuneration for Directors of the Company (excludes outside Directors. Hereinafter referred to as “Eligible Directors”) is composed of a basic remuneration and share remuneration-type share option plan.

The Company hereby proposes the introduction of new share-based remuneration plan [Restricted Share-Based Remuneration Plan and Performance Share Unit (Performance-linked Share-based Remuneration Plan)] to Eligible Directors in order to provide them an incentive to sustainably increase the Company’s corporate value and to further promote shared value between shareholders and them, in place of the existing share remuneration-type share option plan, as part of the revision to its remuneration package for Directors. The specific timing for providing thereof and the allocation to Eligible Directors shall be decided by the Board of Directors.

Once this proposal is approved and adopted, the Company will discontinue the share remuneration-type share option plan except for the share options already granted.

Subject to the approval and adoption of Proposal No. 3 as originally proposed, the number of Directors will be 12 (including three outside Director), and the number of Eligible Directors will be nine, the number of Directors excluding outside Directors.

**I. Restricted Share-Based Remuneration Plan**

**1. Outline**

The Eligible Directors shall pay, every fiscal year in principle, all monetary remuneration claims to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company.

For such issuance or disposal of the common shares of the Company, an agreement on allotment of shares with transfer restrictions (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director. Eligible Directors shall not freely transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) for a certain period specified in the Allotment Agreement (the “Restriction Period”) (The terms and conditions stipulated in the Allotment Agreement are outlined in 4. below.).

**2. Limit on Amount of Monetary Remuneration Claims and Number of Shares Under Restricted Share-Based Remuneration Plan**

The total amount of monetary remuneration claims to be paid to the Eligible Directors shall be not more than ¥126 million per year, and the total number of common shares of the Company to be issued or disposed of that the Eligible Directors will receive shall be not more than 28,000 shares per year. However, if, on or after the day on which this proposal is approved and adopted, the total number of issued shares of the Company increases or decreases as a result of share consolidations, share splits, allotment of shares without contribution, etc., the total number of common shares of the Company to be issued or disposed of as restricted shares shall be reasonably adjusted according to the consolidation ratio, split ratio, allotment ratio, etc.

**3. Amount to Be Paid In per Allotted Share**

The amount to be paid in per Allotted Share shall be determined based on the closing price of the Company’s common shares on the Tokyo Stock Exchange, Inc. on the business day immediately before each date of resolution by the Board of Directors regarding the allotment of shares (if there is no closing price on such date, the closing price on the closest preceding trading day) or any other amount within the extent that the amount will not be particularly advantageous to Eligible Directors who subscribe the Company’s common shares.

**4. Content of the Allotment Agreement**

**(1) Restriction period**

The restriction period shall be 30 years from the day on which shares are allotted under the Allotment Agreement (the “Restriction Period”). During the Restriction Period, the Eligible

Directors shall not transfer, create a security interest on, or otherwise dispose of the Allotted Shares under the Allotment Agreement.

(2) Acquisition of the Allotted Shares without contribution

If an Eligible Director retires from the position of Director (or Executive Officer with title or Audit & Supervisory Board Member) of the Company before the Restriction Period expires, the Company shall automatically acquire such Allotted Shares without contribution, unless the reason for his/her retirement from office is the expiration of the term of his/her office, death, or other reason the Company's Board of Directors deems justifiable.

(3) Lifting of transfer restrictions

Notwithstanding the provision of (1) above, the Company shall lift the transfer restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position of Director (or Executive Officer with title or Audit & Supervisory Board Member) of the Company throughout the Restriction Period.

However, if the Eligible Director retires from the position of Director (or Executive Officer with title or Audit & Supervisory Board Member) of the Company before the expiration of the Restriction Period due to the reason the Board of Directors of the Company deems justifiable, which is designated in (2) above, the Company shall rationally adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted, and the timing of lifting as needed.

(4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.

In cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(5) Other matters determined by the Board of Directors

In addition to the above, the method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.

(Reference)

If this proposal is approved at this Annual General Meeting of Shareholders, the Company plans to also apply the plan to its Executive Officers with titles.

## II. Performance Share Unit System (Performance-Linked Share-Based Remuneration Plan)

### 1. Outline

Performance Share Unit (Performance-Linked Share-Based Remuneration Plan) is performance-linked share-based remuneration where, in the applicable period of the Company's 13th Medium Term Management Plan (the first period will be for the three fiscal years from FY2018 to FY2020, and thereafter, for each new medium term management plan that is formulated after the expiration of the initial subject period, the applicable period shall be for three consecutive fiscal years beginning from the fiscal year following the final fiscal year of the previous applicable period), to Eligible Directors, numerical targets for the performance, etc. of the Company during the applicable period are set in advance by the Company's Board of Directors, and common shares of the Company ("Company's Shares") to a number corresponding to the achievement rate of said numerical targets and money equivalent to the taxes levied against these are paid as remuneration, etc. for the applicable period.

Therefore, as Company's Shares and money equivalent to taxes levied against these will be issued to Eligible Directors in accordance with the achievement rate, etc. of the aforementioned numerical targets,

the presence or absence of issuance to such Directors, the number of shares to be issued and the amount of money to be paid, are not confirmed at the time when the plan is introduced.

2. Maximum Amount of Remuneration, etc.

Monetary remuneration claims and money equivalent to taxes levied shall be issued to Eligible Directors based on their role, duties, and position, in accordance with the achievement rate of the performance numerical targets of the Company over the performance evaluation period, and Eligible Directors shall obtain Company's Shares to the number set forth in 3. and 4. below by investment of the monetary remuneration claims in kind upon the issuance and the disposal of Company's Shares. The amount of monetary remuneration claims shall be determined by the Board of Directors within the extent that the amount will not be particularly advantageous to Eligible Directors who subscribe the Company's Shares. The amounts of monetary remuneration claims and cash to be paid by the Company to the Eligible Directors shall be not more than ¥72 million during applicable period. In addition, the total number of Company's Shares to be issued by the Company to Eligible Directors shall be limited to a maximum of 15,800 shares during the applicable period. However, if, on or after the day on which this proposal is approved and adopted, the total number of issued shares of the Company increases or decreases as a result of share consolidations, share splits, allotment of shares without contribution, etc., the maximum amount and the total number of shares to be issued to Eligible Directors shall be reasonably adjusted according to the consolidation ratio, split ratio, allotment ratio, etc.

If there is a concern that the issuance of Company's Shares would result in the aforementioned remuneration limit or maximum number of shares to be issued being exceeded, a reduction will be performed by a reasonable method, such as the proportional reduction of the number of shares to be issued to each Eligible Director, to the range where these limits are not exceeded.

3. Calculation Method of Monetary Remuneration Amount

The numbers of shares to be issued and the payment amount for each Eligible Director shall be determined upon the performance of a calculation based on the following method.

<Calculation Method of Individual number of shares to be issued and Individual Payment Amount for Eligible Directors>

(i) Individual Number of Shares to be Issued

Number of Base Shares (\*1) x 50%

(ii) Individual Payment Amount

Number of Base Shares (\*1) x 50% x Share Price of the Company (\*2)

\*1. Total points shall be calculated by adding the points granted annually in accordance with the achievement rate of consolidated ordinary profit and consolidated operating revenue during the 13th Medium Term Management Plan (Table A below) to the points granted in accordance with overall performance during the three year period. The performance evaluation rank (Table B below) shall be determined by the calculated total number of points, the number of base shares (Table C below) shall be issued in line with the performance evaluation rank, as well as in accordance with the position of the Eligible Director, within the range of the maximum number of shares for all Eligible Directors at that performance evaluation rank.

\*2. This shall be the closing price of a Company's Share on the Tokyo Stock Exchange, Inc. on the business day immediately before each date of resolution by the Board of Directors held within two months after the conclusion of the first Annual General Meeting of Shareholders after the expiration of the applicable period (if there is no closing price on such date, the closing price on the closest preceding trading day).

A: The points to be granted in accordance with the performance achievement rate are as indicated below.

Ordinary profit (Consolidated)

Achievement rate	Over 110%	Over 105%	Over 100%	Over 90%	Less than 90%
Point	35	28	21	14	7



Operating revenue (Consolidated)

Achievement rate	Over 105%	Over 102.5%	Over 100%	Over 95%	Less than 95%
Point	15	12	9	6	3

Total Points = 1st year points + 2nd year points + 3rd year points + points for overall performance over three year period

B: The evaluation of performance evaluation rank is as indicated below.

Total Points	Performance Evaluation Rank	Maximum Number of Shares
165 - 200	S	15,800 shares
125 - 164	A	12,200 shares
85 - 124	B	8,600 shares
60 - 84	C	0 shares
40 - 59	D	0 shares

C: The number of base shares is as indicated below.

Performance Evaluation Rank	S	A	B
Chairman / President	2,600 shares	2,200 shares	1,800 shares
Vice Chairman / Vice President	2,200 shares	1,800 shares	1,400 shares
Senior Managing Executive Officer	1,800 shares	1,400 shares	1,000 shares
Managing Executive Officer	1,400 shares	1,000 shares	600 shares
Senior Executive Officer	600 shares	400 shares	200 shares

4. Conditions for the Issuance of Company's Shares to Eligible Directors

Upon the ending of the applicable period, in the event of the following conditions for the issuance of shares being met, Company's Shares shall be issued to the Eligible Directors. Such issuance of Company's Shares shall be performed in the form of the issuance or the disposal of Company's Shares, and the Eligible Directors for receipt of Company's Shares, and the number of shares to be issued, shall be determined by the Company's Board of Directors after the ending of the applicable period.

- (i) Served as Director during the applicable period
- (ii) Did not perform any violating acts
- (iii) Other requirements deemed necessary in order to achieve the purport of the share-based remuneration plan

- \* Eligible Directors who retire from office will receive the number of Company's Shares prorated to the period they have held office up to the time of retirement. However, in the event of an Eligible Director having left their position during the applicable period due to death, after the end of the applicable period, the number of base shares in accordance with length of service shall be granted to the inheritor of said Eligible Director. In addition, Directors who are newly appointed during the applicable period will receive the number of the Company's Shares prorated to the period in office.

(Reference)

If this proposal is approved at this Annual General Meeting of Shareholders, the Company plans to also apply the plan to its Executive Officers with titles, as well as to the Executive Officers with employment contracts and upper level employees.